

SECTOR PROFILE

RETAIL & HOSPITALITY

WHAT IS THE RETAIL & HOSPITALITY SECTOR?

Retail is the sale of goods and services from individuals or businesses to the end-user. Retailers purchase goods or products from a factory or wholesaler and then sell smaller quantities to consumers for a profit. In addition to fixed locations, non-shop retailing can be done online or mail order. Retail can be more broadly categorized as: food products; hard goods, which do not quickly wear out; and, soft goods or consumables.

The **hospitality** industry includes lodging, restaurants, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry. The hospitality industry is a several billion dollar industry that largely depends on the consumers' availability of leisure time and disposable income.

This profile will limit its focus on entry-level occupations within these two industries, because they are often the occupations that represent an initial experience of employment and employability skills as well as a starting point for career progression within those industries.

WHY RETAIL & HOSPITALITY?

Retail and hospitality are important sectors for California's economy, employing over 3 million workers, and generating a revenue exceeding \$500 billion (B) in 2010. Following the peak of the financial crisis and the recession, some retail and hospitality jobs were lost. Since 2010, a steady increase in job growth has created employment opportunities and career pathways for people with varying level of skills and education. US companies spent 2% more on training in 2010 than in 2009, with average spending of \$682 per learner. The retail industry had net increases in training spending of over 4% in 2010.

Both of these industries represent opportunities for employees to "learn and earn" by combining training and employment. According to Corporate Voices for Working Families, the Learn and Earn model seeks to "identify, promote and encourage innovative partnerships between employers, community colleges and higher education institutions to help today's 'working learners' complete their education while working."

These partnerships between business and education providers help bridge the skills gap for employers while supporting current and future employees' attainment of postsecondary degrees and credentials with labor market value – the most significant benchmark for achieving economic sustainability. Additionally, this builds a talent pipeline for employers.

quick facts about retail and hospitality

- ✓ There are over 3.25 million retail and hospitality jobs in California, and more than 269,500 employers.
- ✓ Employment in the retail and hospitality sector is expected to create over 390,000 jobs by 2014.
- ✓ Total revenue generated by retail and hospitality related firms in 2010 exceeded \$500 billion.
- ✓ Average 2011 earnings per worker in retail and hospitality jobs requiring a vocational award, an associate's degree or higher were, on average, \$35.79, approximately 226% higher than those requiring only on-the-job training or work experience in a related field.
- ✓ 22% of all new job postings are for first-line supervisors/managers (various clusters), with an average pay of just under \$15.95/hour.

WHAT IS DRIVING GROWTH?

The growth of the retail and hospitality sector in the state of California can be attributed to many variables, primarily the recovering economy within the State and the high-demand for workers in population-serving sectors:

- In addition to entry-level jobs, the sector needs to fill positions in management, IT, marketing, finance and many other areas, requiring more employees with education, experience, and training.
- The passage of legislation AB 155, requiring that online retailers collect sales tax on sales made in California, is leading to greater job growth.
- The Workforce Innovation in Regional Economic Development (WIRED) initiative through the US Department of Labor has helped fund programs with employers such as the "Retail Learning Initiative," creating promotional models to help retain and educate new employees through career ladders.

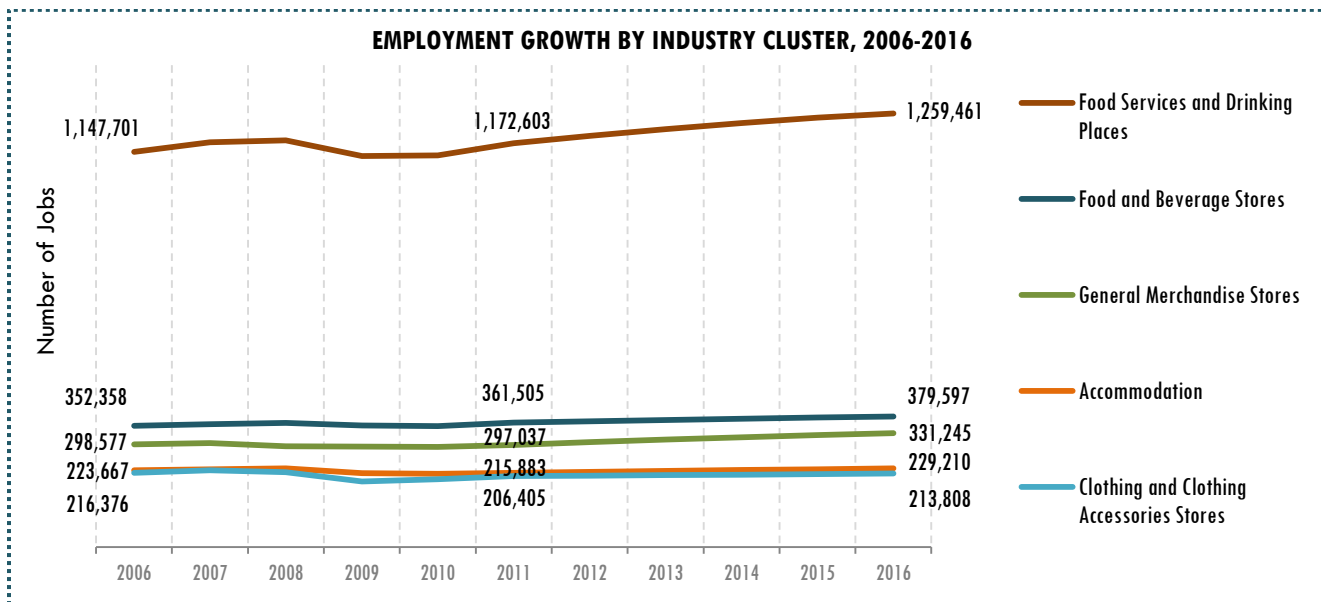
EMPLOYER SAYS

"It is part of Gap Inc.'s 40-year heritage to focus on career development. Gap for Community Colleges is a program we developed to provide on-campus and in-store retail training to help community college students be successful and competitive in the workforce."

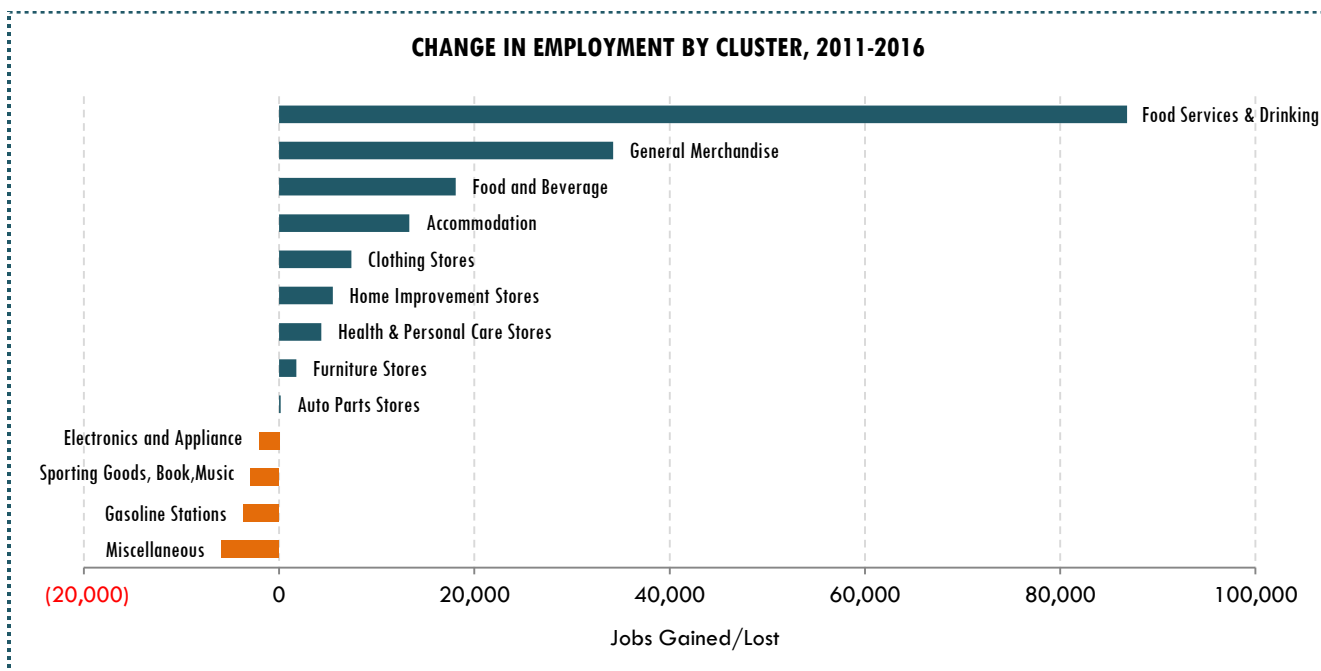
— Eva Sage-Gavin,
Global HR and Corporate Affairs, Gap Inc.

WHAT INDUSTRIES ARE PROJECTED TO GROW?

The largest clusters by number of jobs are food services and drinking places, food and beverage stores, general merchandise stores, accommodation, and clothing and clothing accessories stores. Due to the recent economic recession, the sector as a whole lost jobs between 2008 and 2010. However, 43,758 jobs were created across all clusters in 2011 alone. Between 2011 and 2016 the top five clusters are predicted to create over 159,000 jobs, with food services and drinking places, and general merchandise stores leading the way with 86,000 and 34,000 new jobs, a combined forecasted growth rate of 8.2%. With a predicted sector growth rate of 4.6% between 2011 and 2016, the retail and hospitality sector is well on its way to recovery.



The next graph represents the number of jobs predicted to be gained or lost between 2011 and 2016 in each cluster. Clusters that are predicted to grow most (in employment volume) are food services, general merchandise, food and beverage, and accommodation. Electronics and appliance stores, sporting goods, hobby, book and music stores, and gasoline stations are all expected to see job losses over that same time period.

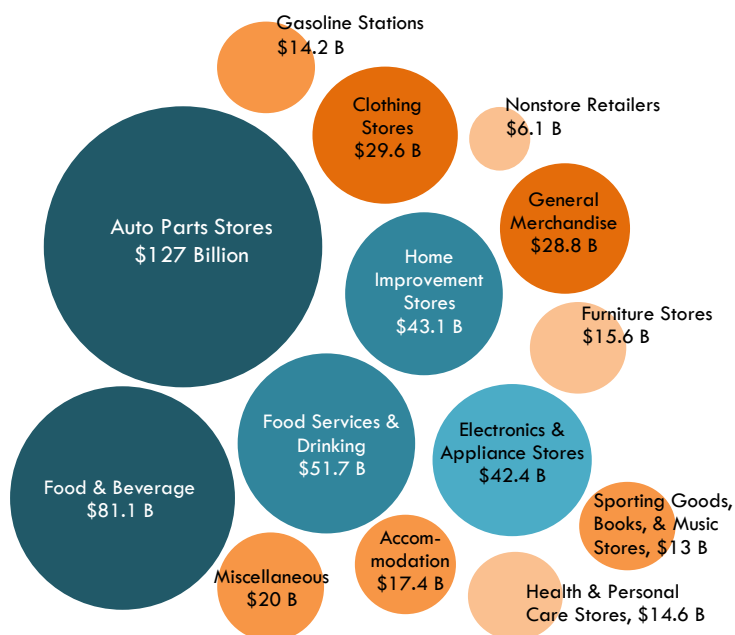


2010 REVENUE BY INDUSTRY CLUSTER

WHAT CLUSTERS ARE DRIVING ECONOMIC ACTIVITY?

The retail and hospitality sector generated over \$500 billion in sales revenue in 2010. The motor vehicle and parts dealers cluster produced the highest amount of revenue (\$126.7 B), followed by food and beverage stores (\$81 B), food services and drinking places (\$51.7 B), home improvement stores (\$43.1 B), and electronics and appliance stores (\$42.4 B).

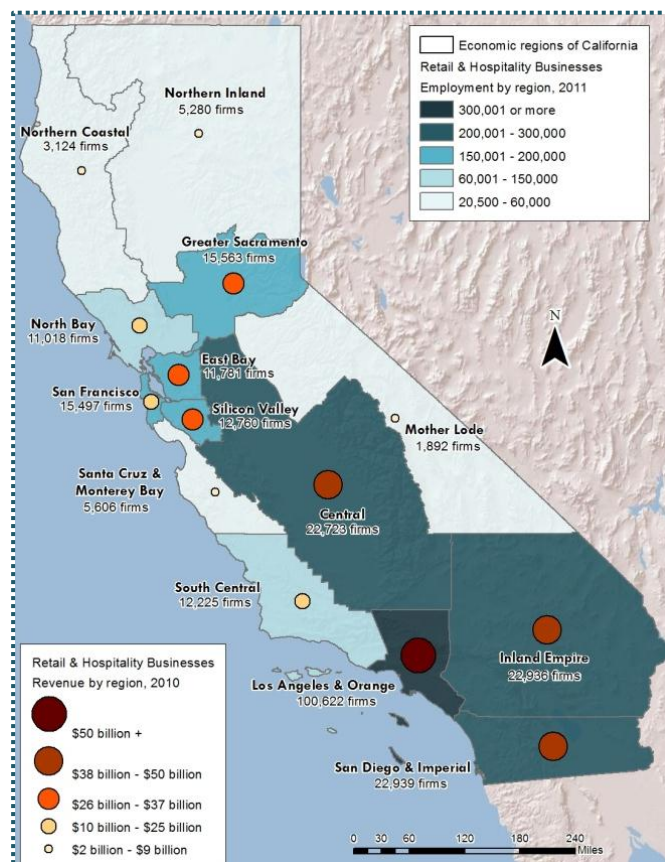
The retail and hospitality sector's sales generate significant revenues for the state through both sales and corporate taxes, which will be further boosted by a new online sales tax law (AB 155) going into effect next year and predicted to bring in an extra \$500 million in investments to the State. Additionally, this should help to protect brick-and-mortar stores, creating more in-store jobs and generating further growth, allowing the retail and hospitality sector to continue to play an integral part of California's economy and provide an abundance of direct and indirect employment.



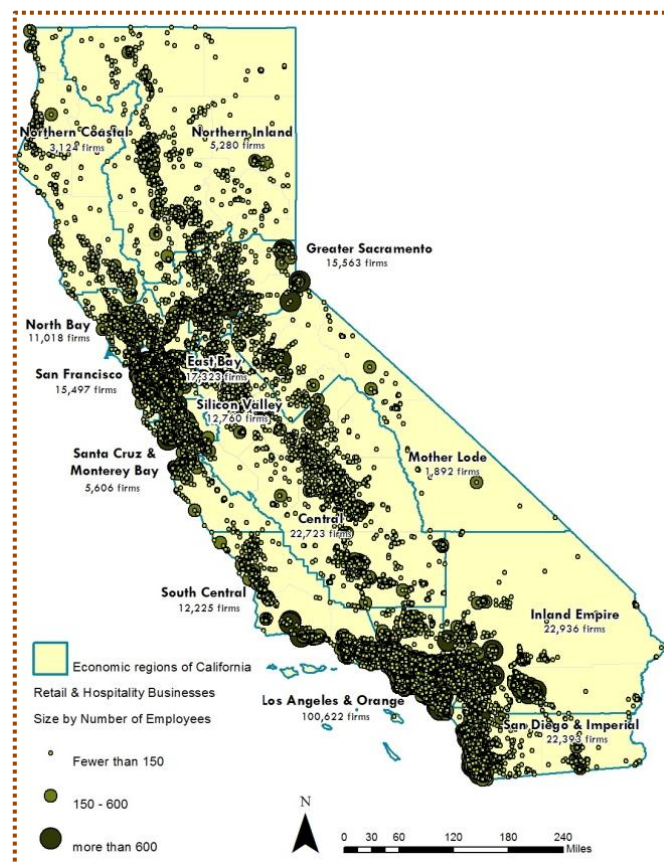
WHERE ARE THE "HOT SPOTS"?

The Los Angeles/Orange region outpaces all other regions in the state, accounting for about one-third of the businesses. Other regions with a large number of businesses related to the sector are Inland Empire, San Diego & Imperial and Central Valley. The Los Angeles/Orange region is also at the top of the list by number of employees (624,000), number of firms (71,000) and sales revenues (over \$150 billion). The Inland Empire, San Diego & Imperial and Central Valley each have about 15,000 businesses and around 150,000 employees.

RETAIL & HOSPITALITY EMPLOYMENT AND REVENUE BY REGION



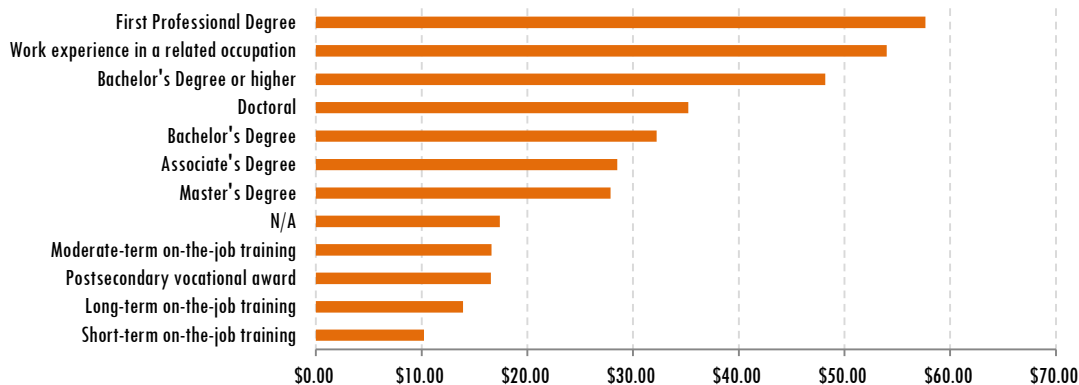
LOCATION OF RETAIL AND HOSPITALITY FIRMS



HOW MUCH DOES IT PAY?

Wages increase as workers gain higher levels of education/training and move along career pathways. Median hourly wages are \$10.21 for entry-level occupations only requiring short-term on the job training, but go up to \$16.56 for jobs requiring postsecondary vocational awards and \$28.49 for Associate's degree.

RETAIL & HOSPITALITY HOURLY WAGES BY EDUCATIONAL LEVEL, 2011



WHAT JOBS ARE IN DEMAND?

Food preparation and serving workers have the highest number of new jobs (17,778). Retail salespersons (49,622) and cashiers (48,647) are predicted to see the most job openings including replacements. Although the education requirements are not high, these jobs represent an entry point for youth and those who have not completed their formal education and represent potential for Learn and Earn partnerships between employers and community colleges, and links to entry-level job-seekers.

TOP JOB OPPORTUNITIES IN RETAIL AND HOSPITALITY

Description	2011 Jobs	2014 Jobs	New Jobs	Replacement Jobs	Openings (new & repl.)	2011 Median wages	Minimum Education Level
Food Preparation & Serving Workers, Incl. Fast Food	249,181	266,959	17,778	17,358	35,136	\$9.12	Short-term on-the-job training
Waiters and Waitresses	229,496	240,949	11,453	20,207	31,660	\$9.16	Short-term on-the-job training
Retail Salespersons	464,735	475,668	10,933	38,689	49,622	\$10.53	Short-term on-the-job training
Cashiers	305,657	312,527	6,870	41,777	48,647	\$9.61	Short-term on-the-job training
Stock Clerks and Order Fillers	135,106	141,686	6,580	9,307	15,887	\$10.91	Short-term on-the-job training
Cooks, Restaurant	92,480	97,668	5,188	7,793	12,981	\$11.61	Long-term on-the-job training
Cooks, Fast Food	84,284	87,569	3,285	6,764	10,049	\$8.95	Short-term on-the-job training
First-Line Mngers of Food Prep. & Serving Workers	73,660	76,833	3,173	2,510	5,683	\$13.18	Work experience in a related occupation
Dishwashers	55,770	58,916	3,146	7,153	10,299	\$9.12	Short-term on-the-job training
Food Service Managers	64,851	67,607	2,756	4,161	6,917	\$15.29	Work experience in a related occupation

Retail and hospitality firms in California posted **94,623 job advertisements** online in the last four months. Predominantly, job postings reflected the need for workers with on-the-job training or work experience in a related occupation. About 21,500 jobs were posted by companies in the hospitality sector, with the remainder advertised by retailers. 21,058 postings were for first-line supervisor/managers in hospitality. Advertised online job postings included:

- First-Line Supervisors/Managers of Retail Sales (12,662 job postings)
- Retail Salespersons (11,412)
- First-Line Mgrs of Food Preparation and Serving (5,496)
- Customer Service Representatives (2,911)
- General and Operations Managers (2,098)
- First-Line Supervisors/Managers of Office and Administrative Support (2,062)
- Cashiers (1,982)
- Marketing Managers (1,710)

EMPLOYERS WITH THE MOST JOB POSTINGS, JAN-MAY 2012

STAPLES	4,801
PIZZA HUT	2,556
NORDSTROM	2,529
CVS CAREMARK	2,414
MACY'S	2,310
JC PENNEY	1,365
USC	1,358
LOWE'S	1,346
PETCO	1,332
APPLE	1,331

DATA NOTES AND SOURCES

Data and information included in the Sector Profile were compiled from the following public and proprietary sources: "This Way Ahead: GAP Inc. and Partners Provide Career Readiness, Job Training and First-time Work Experience for Underserved Youth" (2011, Corporate Voices for Working Families); "The Corporate Learning Factbook 2011" (Bersin & Associates); Innovate California; Innovative Retailer; "High Growth Industry Profile, Retail," (2010, United States Department of Labor); Bureau of Labor Statistics; Workforce Solutions; "California Governor signs online sales tax law," (2011, Paul Demery); Legislative Council, State of California; U.S. Bureau of Labor Statistics; CA Employment Development Department; Economic Modeling Specialists, Inc.; InfoGroup, Inc.; Next 10 and Collaborative Economics, Inc.; The Conference Board - Help Wanted Online.